

## Function 350: Agriculture

Function 350 includes farm income stabilization, agricultural research, and other services administered by the U.S. Department of Agriculture (USDA). The discretionary programs include: research, education, and rural development programs; economics and statistics services; meat and poultry inspection; and a portion of the Public Law (P.L.) 480 international food aid program. The mandatory programs include commodity programs, crop insurance, and certain farm loans.

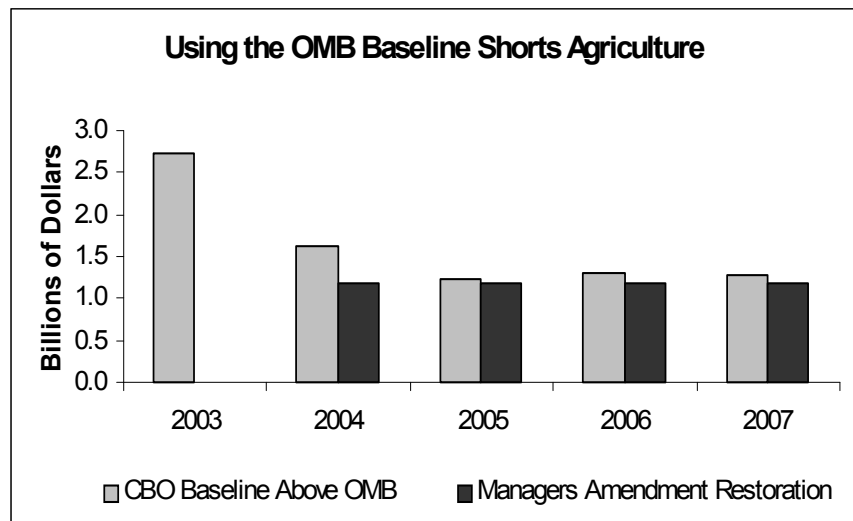
### Mandatory Programs

Over five years (2003-2007), the House Republican budget provides \$84.9 billion for mandatory agriculture programs. This amount is \$4.8 billion above the level provided in the Chairman's Mark and the President's budget, and \$33.5 billion above OMB's estimate of current law. This amount is \$25.4 billion above CBO's estimate of current law.

### Republicans Acknowledge Using OMB Numbers is a Sham

Republicans claim they amend the Chairman's Mark to accommodate differences in scoring of the House-passed Farm bill between OMB and CBO. However, the numbers tell a different story. The price tag of the farm bill itself is not likely to differ much between OMB and CBO; however, the baseline against which changes made by the farm bill are measured are vastly different. (See *Function 570 (Medicare)* for further discussion of baselines.)

The stated intent of the Manager's Amendment is to "hold(s) the Committee on Agriculture harmless for differences between CBO and OMB estimates," thus providing full resources intended for the farm bill. In order to do this, House Republicans were forced to increase agriculture spending to reflect spending "lost" to the baseline.



Agriculture stands in sharp contrast with other items in the budget for which OMB and CBO scoring differences exist. For example, baseline differences in Medicare, totaling \$226 billion over ten years, are ignored by the Republicans. Even though these differences will result in fewer resources for these programs or higher deficits, the Republicans leave the issue unaddressed.

The change made by the Manager's Amendment for agriculture shows that even Republicans realize that using OMB numbers instead of CBO is bad policy.

## **Appropriated Programs**

For 2003, the House Republican budget provides \$4.9 billion for appropriated programs for agriculture, the same amount as the President's budget provides.<sup>14</sup> This amount is \$865 million below the level CBO estimates is needed to maintain purchasing power at the 2002 level. Over the five-year period (2003-2007), the Republican budgets provide \$27.5 billion for discretionary agriculture programs, \$2.7 billion below CBO's estimate of the level needed to maintain purchasing power.

### **Cuts in the President's Budget**

- ***Management Efficiencies*** — The President's budget imposes management efficiencies for USDA including: restructuring administrative support offices; reviewing the field office structure, with the goal of co-locating at least 200 additional offices in 2003; centralizing loan servicing functions that do not need to be performed at the field level; and developing a plan for competitively sourcing 15 percent of its commercial activities by the end of 2003.
- ***Agricultural Research and Services*** — The President's budget provides \$3.5 billion for agriculture research and services, \$512 million (12.7 percent) less than the amount needed, according to CBO, to maintain purchasing power at the 2002 level. Agencies that receive funding in this category include: the Animal and Plant Health Inspection Service; the Foreign Agriculture Service; the Agricultural Marketing Service; the National Agricultural Statistics Service; the Economic Research Service; and the Cooperative State Research, Education, and Extension Service.
- ***New User Fees*** — The Administration budget includes two user fee proposals for the Grain Inspection, Packers and Stockyards Administration (GIPSA). Fees are assessed on those who receive, ship, store, or process grain (raising \$6 million in 2003) to cover the costs of developing, reviewing, and maintaining official U.S. grain standards used by the grain industry. New license fees are also assessed on packers, live poultry dealers, stockyard owners, market agencies and dealers (raising \$23 million in 2003) to fund the Packers and Stockyards program.

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<sup>14</sup>The President's budget also displays \$161 million in this function to account for the full cost of accruing all pensions, retired pay, and retiree health benefits for employees. This amount reflects only an accounting change and does not represent a programmatic increase. See *Appropriated Programs and Creative Accounting* for further discussion.

- ***The House Republican Budget*** — The House Republican budget does not necessarily assume the same program reductions as the President’s budget, but it does contain the same level of overall funding. Therefore, while agriculture spending in the House Republican budget may not face the same cuts as the President’s budget, it will face cuts of the same level.